

**BOSIDENG INTERNATIONAL HOLDINGS LTD:
HAS SOMEBODY GONE WONKERS ?**

Is Bosideng International Holdings Ltd () (Code: 3998, Main Board, The Stock Exchange of Hongkong Ltd) headed for a fall because it tried to bite off too much at one time and, then, being unable to chew that which it had bitten, it is unable to masticate?

This has to be the main question that investors will be pondering after studying the Annual Report of this Company for the Financial Year, ended March 31, 2013.

What astute investors will discover on scanning the financial results of Bosideng International's 2012-2013-Year is that, for the first time since this Company went public on the Main Board of The Stock Exchange of Hongkong Ltd, things are starting to come unstuck.

The question is, of course: Why?

A summary of this Company's financials for the past two Years is as follows:

	Financial Year, Ended March 31		
	2013	2012	Percentage Increase/(Decrease)
	All Figures are Denominated in Renminbi'000 (except where otherwise specified)		
Revenue	9,324,539	8,376,062	11.32
Gross Profit	4,720,549	4,188,634	12.70
Gross Profit Margin	50.63 percent	50.01 percent	
Net Profit Attributable To Shareholders	1,078,650	1,436,642	(24.92)
Net Profit Margin	11.57 percent	17.15 percent	
Current Assets	9,672,764	8,719,924	10.93
Cash and Cash Equivalents, Time Deposits with Maturity over of more than Three Months, and Pledged Bank Deposits	3,581,367	3,240,710	10.51

Interest-Bearing Borrowings, Current	1,736,988	1,740,662	(0.21)
Interest-Bearing Borrowings, Non-Current	919,098	Nil	
Shareholders' Funds	7,098,387	7,138,241	(0.56)

On scanning the above table, produced by **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, the situation in respect of Bosideng International's 2013 Financial Year does not appear worrying in the least, and the drop in the Bottom Line of nearly 25 percent may be put down to the international financial crises, both in the United States of America and Europe.

But there is more to this Company than just its fundamentals because that which Management is presently attempting could turn out to be very costly and very painful for shareholders, somewhere down the road.

The Business of Bosideng International

Bosideng International, historically, made its money by designing and manufacturing down garments in the People's Republic of China (PRC) for the 1.30 billion consumers of that country which, today, is the second-largest economy of the world.

The Company's down garments are a hit in the PRC and, on a visit to Shanghai in the winter of 2011, **TARGET** () noted the number of people, wearing Bosideng down garments in the underground.

Down garment production and sales continue to be the core business of the Company, representing about 76 percent of the total turnover, annually, but it is branching out, trying to get Europeans – and especially consumers of the United Kingdom – to accept the '*Made In China*' brand of garments as one in which they should have full confidence.

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